

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM
Meeting of the Board of Trustees – Conference Call Only
December 14, 2021 – 9:00 a.m.

Please note all member participated via telephone, video, or teleconference:

Members present:

ROGER DUMAS, Chair, VRSEA Representative (term expiring October 31, 2022)
JOHN FEDERICO, VSEA Representative (term expiring September 30, 2022)
ALLEN BLAKE, VRSEA Alternate Representative (term expiring October 31, 2022)
THOMAS MOZZER, VSEA Alternate Representative (term expiring October 31, 2022)
JEAN-PAUL ISABELLE, VSEA Representative (term expiring September 30, 2022)
ERIC DAVIS, VSEA Representative (term expiring September 30, 2022)
BETH PEARCE, VT State Treasurer
BETH FASTIGGI, Commissioner of Human Resources, voting member
JAY WISNER, Governor's Delegate position

Members absent:

ADAM GRESHIN, Commissioner of Finance and Management

Also attending:

Michael Clasen, Deputy State Treasurer
Tim Duggan, Assistant Attorney General
Lesley Campbell, Administrative Services Coordinator IV
Stephen Barry, Financial Administrator I, Retirement Division
Owen Doherty, Executive Assistant to the Treasurer
Will Kriewald, Chief Financial Officer
John Booth, Director of Treasury Operations
Yori Rubinson, Segal Consulting
Daniel Levin, Segal Consulting

The Chair, Roger Dumas, called the Tuesday, December 14, 2021 meeting to order at 9:01 a.m., which was held by conference call only.

ITEM 1: Agenda approval and announcements

On a motion made by Ms. Davis, seconded by Mr. Clasen, the Board voted unanimously to approve the agenda for November 12, 2021.

ITEM 2: Approve the Minutes of:

- November 10, 2021

On a motion made by Mr. Wisner, seconded by Mr. Davis, the Board voted by roll call to approve the minutes of the October 28, 2021 with the removal of Mr. Pouliot from the board member list as he has retired and revision to Mr. Davis term expiring date.

ITEM 3: VSERS Other Post-Employment Benefits (OPEB) Report

Mr. Levin presented the 2021 VSERS other post-employment benefits report. As of the end of FY21 the net OPEB liability was \$1,290 million, an increase of 7.4% over the prior year. Mr. Levin explained that the increase was largely due to the decrease in the discount rate from 2.21% to 2.20% and the per capita claims costs from an increase in covered retirees and beneficiaries in the health insurance plans. *The actuarially determined contribution (ADC) for the period ending June 30, 2023 calculated using the 2.20% rate of return is \$109 million versus the pre-funded method with an assumed 7.00% rate of return, the ADC is \$55 million. A prefunding plan would require an additional appropriation beyond the pay-go amount and a pre-funding policy in statute. The variable rate of return on Municipal AA bonds as well as the increased actual benefit payment cost of approximately \$31 million are the main drivers of the increased liability to the fund.*

On a motion made by Mr. Wisner, seconded by Mr. Davis, the Board voted unanimously to accept the 2021 VSERS Other Post-Employment Benefits Valuation summary report as presented by Segal.

Mr. Levin and Mr. Rubinson left the meeting at 9:23 a.m.

ITEM 4: VSERS FY23 Budget Overview

Mr. Kriewald presented the FY23 VSERS Budget Overview. The overall budget decreased 4.41% due mostly to the Vermont Pension Investment Commission (VPIC) budget being separated from the Treasurer's office budget this fiscal year because of Act 75. This decreased the investment management services and administrative cost.

The Board asked questions of the Treasurer's staff and requested an agenda item be added to the January 2022 meeting to discuss how the fiduciary and budgetary responsibilities of the VSERS Board of Trustees' and VPIC will be affected moving forward.

On a motion made by Mr. Wisner, seconded by Mr. Davis, the Board voted unanimously to approve the FY23 VSERS Budget as presented.

ITEM 5: Pension Task Force update

Mr. Clasen and Mr. Davis provided an update to the Board. Mr. Clasen explained that the Pension Task Force is continuing to review recommendations including the impact of additional revue. Mr. Davis agreed and added that the actuarial reports request by the Task Force have been received and the Task Force will likely need to add additional meetings to make a recommendation.

ITEM 6: 2022 Board Calendar

Ms. Campbell presented the 2022 board calendar, keeping the regular scheduled of Quarterly In-House meetings on the second Tuesday of February, May, August and November at 9:00 a.m. and all other months the Second Thursday of the month at 9:00 a.m.

On a motion made by Mr. Clasen, seconded by Mr. Wisner, the Board voted unanimously to approve the 2022 Board Calendar as proposed.

ITEM 7: Disability recommendation(s) from the November 19, 2021 meeting of the Medical Review Board:

- Lori Howard

Due to all Board members not having appropriate access to the case file, Ms. Howard's case was deferred until the next Board meeting on January 14, 2022.

ITEM 8: Other Business and Public Comment

Mr. Dumas requested an update on the Director of Retirement Operations from staff. Mr. Clasen discussed the hiring process for the vacant position. The position has been reclassified and will be reopened on the Vermont State hiring website and outside hiring platforms because the second job posting did not provide the right candidate for position and the Retirement Division.

ITEM 9: Adjournment

On a motion made by Mr. Isabelle, seconded by Mr. Clasen the Board voted unanimously to adjourn at 10:08 a.m.

Next Meeting Date:

The next VSERS Board meeting is on January 14, 2022 at 9:00 a.m.

Respectfully submitted,



Lesley Campbell
Administrative Services Coordinator IV